



# “54 Niles” Apartment Investment Opportunity

4.1.21



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REM Commercial



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# Results

## **Small 54 Unit Property**

- ✓ **Off Market Thru Broker Relationship (Pocket Listing)**
- ✓ **Separate Parcel But Next to a Assisted Living Complex**
  - ✓ **Mostly 55 and over residents but retail rates**
  - ✓ **Rents \$300 below market value**
- ✓ **Sold for \$1.2 from assisted living owner to Nick in 2020**
- ✓ **Owned for 1 year**
- ✓ **Nick was in process of renovating all the units**
- ✓ **Nick renovated 34 of the 54 units**
- ✓ **Sold it to us for \$2.45M in April 2021**
- ✓ **20 units occupied / none of the 34 units were leased**
- ✓ **Nick made \$700k - \$800k when he sold to us**

# Results

## **Small 54 Unit Property**

- ✓ **5.99% Lima One Bridge Loan**
- ✓ **4 years of fixed rate financing**
  - **2 +1 +1**
- ✓ **Simple strategy: Lease up the 34 units that Nick left vacant**
- ✓ **Sent renewal letters to remaining 20 residents**
  - **Most moved out do to the rent increases**
- ✓ **We then turned 15 of the remaining 20 units**
- ✓ **Invested about \$120k**
  - ✓ **Roof repairs, landscaping, new sign,**
  - ✓ **Improved 15 units**

# Results

## **Small 54 Unit Property**

- ✓ **Got to 100% occupancy in late 2021**
- ✓ **At takeover we were collecting \$15k per month**
- ✓ **After 12 months we got the income to \$42k per month**
  - ✓ **Full stabilized and exactly at proforma**
  - ✓ **Now worth \$4.3M**
- ✓ **We decided to market and sell the building “On Market” and “Run the Process”**
- ✓ **Got 8-9 offers**
- ✓ **Highest for \$4M**
- ✓ **Interest rate hikes in Summer 2022**
  - ✓ **offers and price tempered**
- ✓ **PSA August at \$4.0M and accepted a buyer**
- ✓ **Closed Oct 2022**
- ✓ **Sold for \$4M**
- ✓ **All in for \$2.9M**
- ✓ **Walk away profit was \$1.1M**

# Results

## **Small 54 Unit Property**

- ✓ **Recruited \$1M from private investors**
- ✓ **Paid LP's 10% pref + 1% kicker**
- ✓ **Recommend 10% Pref + 1% kicker on deals under \$5M**
- ✓ **Start with a 20 - 100 unit deal**
- ✓ **Start with a \$2M - \$10M deal**
- ✓ **Can get non-recourse loan if over \$2M**

# 8 Profit Centers

## 8 Different Profit Centers from Apartment Syndications

1. Acquisition fee
  - 3% of \$2.45M = \$73,500
2. Asset mgmt. Fee = 1% or \$25 per month per unit
  - 54 X's 425 = \$1350 per month
  - = \$16,200 per year
3. Guarantee fee
  - Did not charge
4. GC fee
  - 10% of project costs to cover our staff
5. Refi Fee
  - 1. Did not refi
6. Profits splits from cash flows
  - \$3 - \$4k per month of net free cash flow over and above debt service, expenses and pref
7. Profits splits from sale proceeds
  - \$1.1M in Profit
8. Property Mgmt Fee – 3-8%
  - REM 5%

# Best Thing

- ✓ **Best thing about apartments is that it cash flows while your improving it**
- ✓ **As long as it stays 75-85% occupied**
- ✓ **Rehab flips / Fix N Flips have zero cash flow while they are being rehabbed**
- ✓ **I can sleep well at night**
- ✓ **I didn't always sleep well at night with Rehab Flips and Wholesaling**



# Agenda

## **INTRODUCTION**

- ✓ Freeland Overview
  - Freeland Construction, Freeland Capital Mgmt, 950 Mgmt
- ✓ Dec 2020 – Refresher

## **INVESTMENT OVERVIEW: 54 NILES APARTMENTS**

- ✓ Property Overview
- ✓ Operating Partners
- ✓ Financials & Stabilization Plan Investment Opportunity

## **CLOSING**

- ✓ Next Steps

# Freeland Ventures Overview



- Managing **\$40M+** in Equity Capital (LP's)
- Managing **\$250M+** in ARV Assets



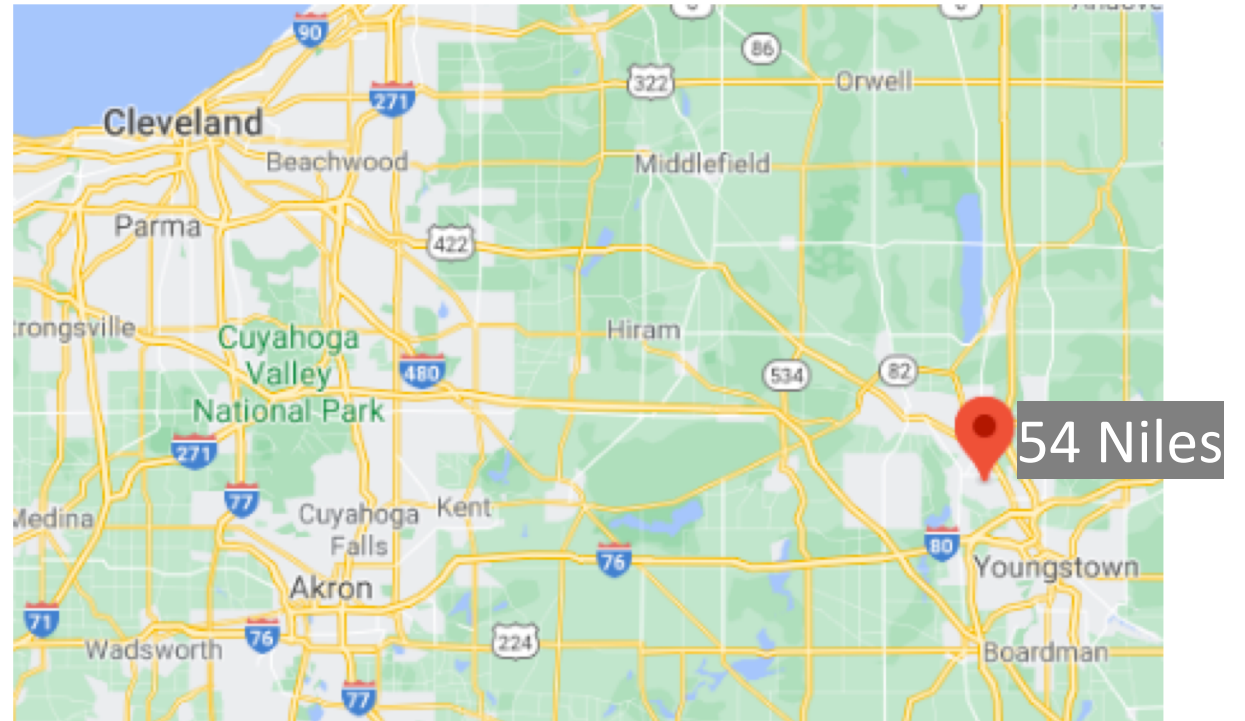
- Experienced Operators
- Combined over 3,500 units owned
- 2-4 Unit Residential
- 5-500 Unit Apartments
- Focused on Ohio
- A & B Class areas



- Full-Service Property Management
- Asset Management
- Project Management
- Rehab Management

# STATE OF THE MARKET

1. BUSINESS MODEL
2. RISK MITIGATION
3. PROJECT OVERVIEW



## *Niles at a Glance*

<b>1</b>	<b>18,473</b>	<b>12</b>	<b>8.63</b>	<b>87</b>
US President	Population (2017)	Parks & Facilities	Square Miles	Miles of Roadway

# 506(B) Investment Opportunity

*Accredited and Non Accredited* (But Sophisticated)  
Investors with Prior Existing Relationship with Josh  
Cantwell, Glenn Lytle, Tyler Brummett, Freeland  
Ventures and /or Strategic Real Estate Coach

# Operations Overview

## PROJECT & PROPERTY MANAGEMENT

- 950 Management: Josh Cantwell, Glenn Lytle, Tyler Brummett
- Experience: 28 Years Combined
- Residential & commercial experience in private lending, large rental portfolios, renovation and property management.
- Joint ownership in **3,500+** apartment units & **\$250M+** of assets.



# Business Model



# Business Model

1. Buy Distressed / Under Valued Property
2. Stabilize with Renovations & Property Management
3. “All In” for 75% of the Stabilized (After Repair) Value
4. Refinance with 75% LTV Loan in 36-60 Months
  - Investors are Repaid their Capital Contribution
5. Hold to Build Forever Passive Income
  - Property Cash Flows & Grows Long-Term Wealth

# Risk Mitigation





# Risk Mitigation

- ALWAYS Buy at a Discounted Price
- CREATE Appreciation through Value-Add Process
- NEVER Speculate
- Buy for CASH FLOW
- Stick to Class A, B, & C+ Areas

- Complete ALL Due Diligence
- STRESS The Underwriting
- Obtain FAVORABLE Financing Terms
- CASH OUT Investors Quickly
- Have Multiple EXIT STRATEGIES

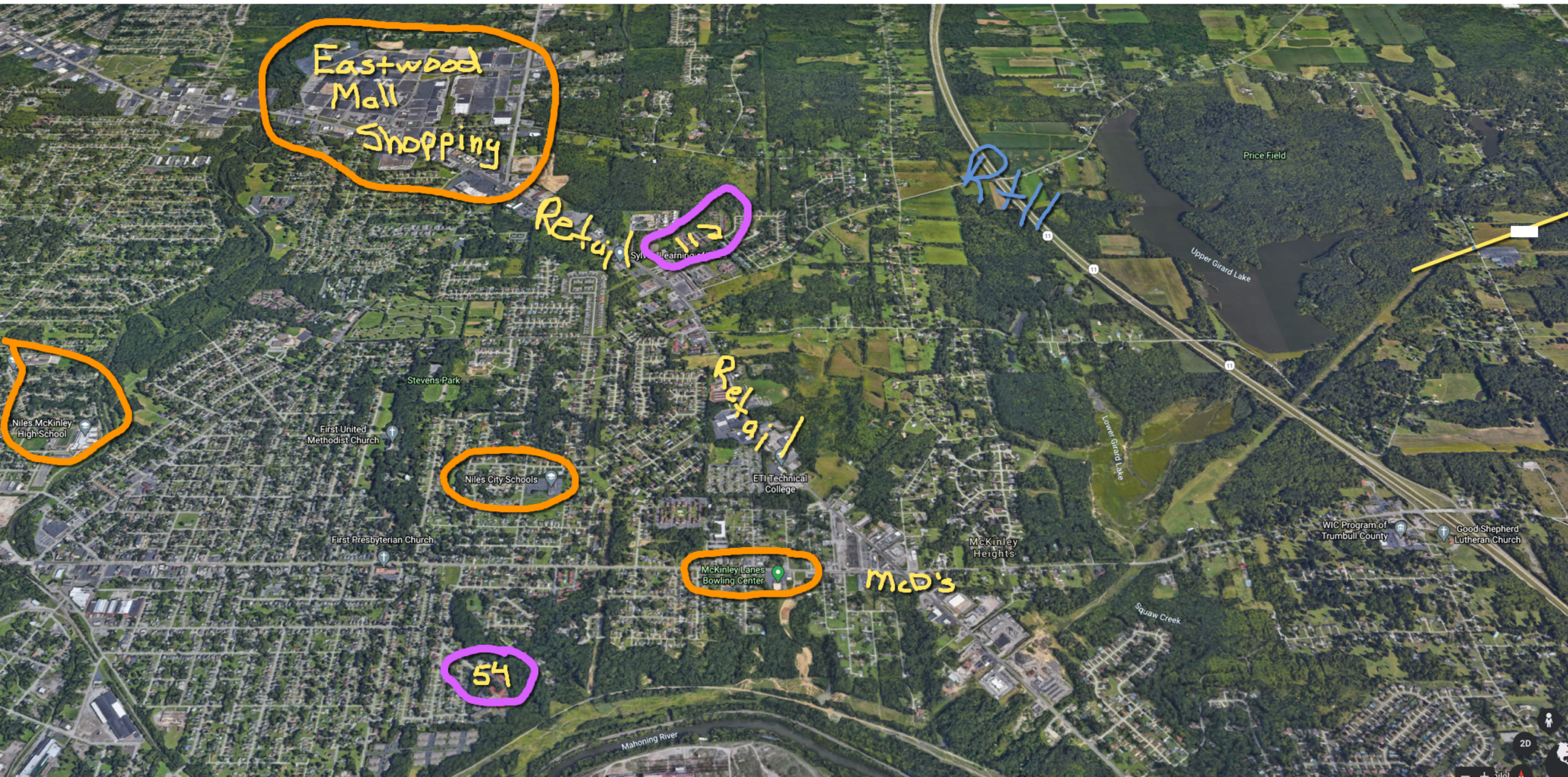
# 54 Niles – 54 Unit Apartment Portfolio



## DEAL SPECIFICS

- 54 Units
- B Class Location
- 3 Story Low Rise Building
- Amenities:
  - On-site management Office
  - On-site leasing Office
  - On-site maintenance Office
- Covered Parking
- Community Room w/ Kitchen
- 34 Units Completely Updated Since July 2020
  - New LVP, Kitchens, Baths, Lighting, A/C Units, Doors, Trim, Paint
  - New Electrical Panels in All Units Since July 2020







# Eastwood Mall Complex

- One of the largest retail centers in the nation, this complex is home to over 200 department stores, specialty shops, restaurants, hotels and other businesses.
- Two movie theaters feature 20 screens.
- Eastwood Field is home to the Mahoning Valley Scrappers (Class-A affiliate of the Cleveland Indians).
- Named by USA Today as Ohio's "Best Place to Shop on Black Friday."

# Upside Opportunity & Business Plan

- Located in Quite Residential Neighborhood
- 10 Min Drive to Eastwood Shopping Center
- Seller is a Residential Rehabber who bought a great deal 9 months ago, rehabbed the apartment complex and now wants his cash out to do other deals.
- Seller originally wanted \$55k a door, we negotiated to \$45k a door.
- 34 Units and Common Spaces have been renovated by seller since July 2020.
- Rents have not been raised in years
- Rents are \$150 - \$250 Below Market Value
- We only need to focus on 34 lease ups to \$800 /mo blended rents
- Invest \$10k into flooring and paint of the community center
- Maintain Onsite Management and Leasing Office – **VERY HANDS ON**

# Lender Appraisal – LOTS OF EQUITY

- Lender has already completed their appraisal
  - Came in last week March 25<sup>th</sup>
- **APPRAISED Value at \$3,150,000 AS IS**
- **Buying for \$2,450,000 AS IS**
- **Already loaded WITH LOTS OF EQUITY ON DAY 1**

# 54 Niles, Ohio

## Stabilized (After Repair) Financials

▪ <b>Rental Income</b>	\$517,000	(@ avg \$800 per month per unit, Utilities included)
▪ <b>Other Income</b>	\$17,000	
▪ <b>Vacancy (5%)</b>		(\$26,000)
▪ <b>Gross Income</b>	\$509,000	
▪ <b>Expenses</b>	(\$250,350)	
▪ Taxes		(\$40,000)
▪ Insurance		(\$13,500)
▪ Utilities		(\$88,500)
▪ Maintenance		(\$19,400)
▪ Management		(\$19,440)
▪ <b>Net OP Income</b>	\$260,460	



# 54 Niles – 54 Unit Apartment Portfolio

## Acquisition

▪ <b>All In</b>	<b>\$2,850,000</b>
▪ Purchase	\$2,430,000
▪ Renovation Cost	\$161,000
▪ Closing/Holding Costs	\$209,000
▪ Cash Burn	\$50,000
▪ <b>Financing</b>	<b>\$2,850,000</b>
▪ Primary Loan (FNMA)	\$1,944,445
▪ Private Investors	\$900,000
▪ <b>Appraised Value (As-Is)</b>	<b>\$3,440,000</b>

## Refinance (18-21 months)

▪ <b>Stabilized (After Repair) Value</b>
▪ NOI - \$260,000
▪ Cap Rate @ Refi = 6.5%
▪ <b>ARV - \$4,000,000</b>
▪ <b>Stabilized Loan - \$3,000,000 @ 75%</b>
▪ Up to 75% LTV on improved values
▪ Pay Back Private Investors
▪ Remaining Equity of \$1,000,000
▪ Annual Net Free Cash Flow of \$73,500

# 54 Niles – 54 Unit Apartment Portfolio

## Targeted Investor Returns for each \$100k Unit over 18-21 Month Term

- Fixed Preferred Return of 10% + 1% Kicker
  1. Earns \$17,500 in interest
    - \$100k @ 10% = \$10k/Year (21 mos. = \$17,500)
    - Taxed at sale at long-term capital gains rate
  2. 1% Kicker at Refi
    - EX: \$100,000 Investment gets \$1,000 Kicker at Refi
    - Kicker at refi “repurchase” of equity and return initial investment
- **TOTAL RETURN \$18,500 in 21 months = 10.57% Annualized Return**

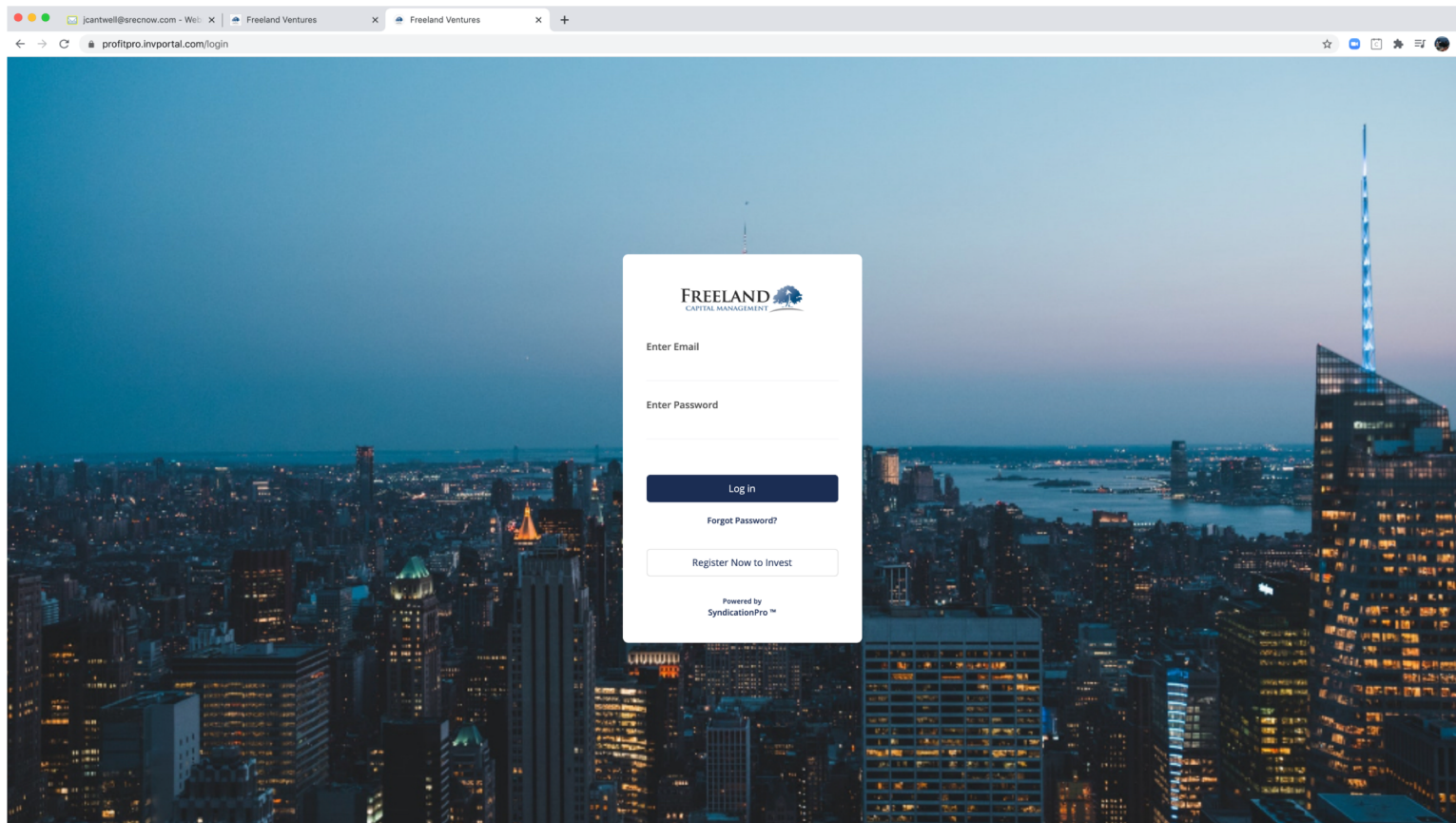
# 54 Niles – 54 Unit Apartment Portfolio

## Passive Investors

- \$900,000 Total Raise
- \$100,000 Per Unit
- 9 Units Total Available
  - 5 Units Pre-sold
  - 4 Units Open and Available on Today's Call
- Accredited and Non-Accredited
- 506B, PPM out April 1<sup>st</sup> 2021
- Closing on or about April 23<sup>rd</sup> 2021

# Next Steps





**Step 1:**

**Log in to:**

**[profitpro.invportal.com/login](https://profitpro.invportal.com/login)**

The screenshot shows the admin portal interface for Freeland Ventures. The left sidebar contains navigation options: Dashboard, Leads, Investors, Portfolio, Email, Reports, Services, Settings, and Log Out. The main content area is titled "Portfolio" and has tabs for Offerings, Reservations, and Archives. The Reservations tab is active, displaying a table with columns: Reservation Name, Reservation Size, Reservations, Total Reservations, Status, and Action. A reservation entry is highlighted with a red arrow: "Akers Ave 65, Akron OH 44312: 506B 'Accredited and Non-Accredited' Investors Accepted" with a size of \$600,000 and 10 reservations. Below the table, a breadcrumb trail shows "← Akers Ave 65, Akron OH 44312: 506B 'Accredited and Non-Accredited' Investors Accepted" and an "Add Reservation" button is highlighted with a red arrow.

**Step 2: Click on “Portfolio”**  
**Step 3: Click on “Reservations”**  
**Step 4: Click on “54 Niles”**  
**Step 5: Click on “Add Reservation”**

# Connect With Josh



[www.foreverpassiveincome.com/coaching](http://www.foreverpassiveincome.com/coaching)



[www.freelandventures.com/passive](http://www.freelandventures.com/passive)



[AcceleratedInvestorPodcast.com](http://AcceleratedInvestorPodcast.com)



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